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(1069)

20 MAR 1968

MEMORANDUM FOR: Deputy Director for Plans

VIA [REDACTED]

SUBJECT : Request for Renewal of Project [REDACTED]

1. Project [REDACTED] was approved on 23 June 1967 for an extension of [REDACTED] for the period 1 July through 31 December 1967 to allow time to weigh whether continued involvement with the Radical Party is desirable. Having concluded in the affirmative, it is requested that Project [REDACTED] be renewed for the last half of FY 1968 in the amount of [REDACTED]. It is also requested that this project be renewed for FY 1969 in the amount of [REDACTED]. Because Project [REDACTED] is so closely related to the over-all Agency political action posture in Chile, which is currently undergoing close review in close concert with the State Department, the submission of this action has been delayed.

2. The Agency has been providing financial support averaging about [REDACTED] per year to moderate elements within the Radical Party for the past five years. Although we have fairly consistently worked with the same kind of collaborators within the party, the nature of our objectives, scope of involvement, and tactical use of such collaborators has changed in line with shifts in the general political situation. X

3. [REDACTED]

[REDACTED] At that time the Radicals were part of the center-right coalition which supported the Alessandri government. At the time it also appeared likely that Radical Senator Julio Duran would be the center-right Presidential candidate and the one most acceptable to the U.S. However, in early 1964, Frei emerged as the strongest non-Marxist

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candidate due to a special by-election in which the Duran forces were badly defeated. [REDACTED]

4. After the Frei victory in September 1964, attention turned to the March 1965 Congressional election. The Christian Democrats emerged victorious by winning a majority in the Chamber of Deputies and almost a third of the Senate. The Radicals and right wing parties were soundly defeated, and due to Ambassadorial restrictions against supporting Radicals, our equities in that party were quite diminished. Throughout the remainder of 1965 and 1966 the balance of power within the Radical Party shifted and the leftwing came to dominate, first the party's youth and later the party leadership. [REDACTED]

5. Recognizing that almost no possibility remained in the near future to recapture the party [REDACTED]

[REDACTED] we began FY 1968 by making a complete review of our relationship with the Radicals in order to arrive at objectives which would be more reasonable. We considered such alternatives as (1) [REDACTED]; (2) trying to rebuild the moderates so that they could make another effort to increase their weight within the party in the congress which will be held in mid-1969; (3) continuing with [REDACTED]

[REDACTED] and (4) abandoning covert support of the Radicals. We finally concluded that we should continue with minimal support and not to cut off our links [REDACTED]

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[REDACTED] ✓

7. After reviewing here at Headquarters our position towards this party, it has become clear that one major gap is [REDACTED]

[REDACTED] At the request of the Station we have pulled together all of the data available on the [REDACTED]

[REDACTED]. Additionally, we will be testing the Radical Party rank and file to determine whether it will support the candidate of a FRAP/Radical alliance, or would be responsive to another candidate [REDACTED]

8. Ambassador Edwin Korry and Assistant Secretary of State Oliver have been briefed and concur on support of the Radical Party.

[REDACTED]
William V. Broe
Chief
Western Hemisphere Division

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